## U.S. SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 4

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940

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Commor	n Stock		8/6/98	Р	1,000	Α	\$2.50	127,851(1),(2)	D	
1. Title (Insti	of Security r. 3)		Transaction Date (mm/dd/yy)	(Instr. 8) Code V	Amount	(A) or (D)	Price	of Month (Instr. 3 and 4)	Indirect (I)	Beneficia Ownership (Instr. 4
			2.	3. Transaction Code	4. Securities Acq Disposed of (D (Instr. 3, 4 a	)	A) or	5. Amount of Securities Beneficially - Owned at End	6. Owner- ship Form: Direct (D) or	7. Nature of Indirect
====	Table I N	lon-Derivative or Benef =======	Securities Accidentally Owned	quired, Dispos =======	ea ot, =======	=				
====:						=				
	] Form filed by C ] Form filed by M			on						
7. Ind	dividual or Joint/	Group Filing (	Check Applicat			_				
	ce President ========				=====	_				
[X]	] Director ] Officer (give	title below)	[ ]	10% Owner Other (speci	fy below)					
(Cl	heck all applicabl			10% 0						
	======================================				========	=				
	Amendment, Date o			========	=========	=				
August	t 1998					_				
	======== atement for Month/		.========		========	=				
3. IR	S or Social Securi	ty Number of R	Reporting Perso	on (Voluntary)						
osco	==========	:========	:========		========	=				
Discov	very Laboratories,	Inc. (Discove	ery)							
	========= suer Name and Tick			========	=========	=				
(C:	ity)	(State)	(Zi	rb)						
	nceton,									
			Street)							
	Worth Mills Lane									
( L	ast)		iM)							
		Huei								
Γsai,	me and Address of									

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative	2. Conver- sion of Exer- cise Price of Deriv- ative	3. Trans- action Date (Month/	4. Trans- action Code (Instr.	5. Number of Derivative Securities Acquired (A) or Disposed of(D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4) Amount or Number		Deriv- ative Secur-	9. Number of Deriv- ative Secur- ities Bene- ficially Owned at End of Month	10. Owner- ship of Deriv- ative Secur- ity: Direct (D) or In- direct (I)	11. Nature of In- direct Bene- ficial Owner- ship
Security (Instr. 3)	Secur- ity	Day/ Year)	Code V		(D)	Exer-		Title	of Shares	(Instr.	(Instr. 4)	(Instr. 5)	
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## Explanation of Responses:

- (1) Includes 14,813 shares of Discovery Common Stock issuable on the exercise of outstanding options granted on March 5, 1998 and 39,638 shares of Discovery Common Stock issuable on the exercise of outstanding options granted on June 16, 1998, all of which are immediately exercisable. Shares of Discovery Common Stock subject to such options vest in three equal annual installments beginning with the first anniversary following June 16, 1998. Unvested shares of Discovery Common Stock subject to such options remain subject to the Issuer's right to repurchase at the exercise price paid per share. Also includes 31,200 shares of Discovery Common Stock issuable on the exercise of outstanding options granted on February 16, 1997. Shares of Discovery Common Stock subject to such options vest 25% at the time of grant with the balance vesting in three equal annual installments upon the optionee's successive completion of service with the Issuer. Unvested shares of Discovery Common Stock subject to such options remain subject to the Issuer's right to repurchase at the exercise price paid per share.
- (2) Includes 31,200 shares of Discovery Common Stock owned equally by each of the Reporting Person's two children. The Reporting Person disclaims beneficial ownership of such indirectly beneficially owned securities except to the extent of his pecuniary interest therein.

/s/ Huei Tsai September 8, 1998
-----\*\* Signature of Reporting Person Date

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedures.